

FACTSHEET

DELIVERING TECHNOLOGY ACCESS TO AMERICA'S COMMUNITIES



Neighborhood Networks centers make a positive impact in America's communities.

Foundations: A Good Funding Source for Neighborhood Networks Centers

Raising funds helps ensure a successful financial future for Neighborhood Networks centers. By identifying foundation resources and actively pursuing grant opportunities from a variety of sources, centers can develop revenue to fund new programs and sustain existing programs that serve residents of HUD insured and assisted housing. Try to build a network of foundation and corporate funders, many of which give small gifts on a regular basis and a few of which give large, periodic grants.

Different foundations, different sources

More than 63,000 foundations operating in the United States provide funds to organizations that meet their criteria. Many of these foundations fund programs and services similar to those provided by Neighborhood Networks centers, such as computer training, education, job training, healthcare, and social services.

Centers can approach different types of foundations for funding:

- Community foundations raise funds through contributions from local donors and focus primarily on supporting programs that fulfill local community needs.
- Corporate foundations are organized and funded by business corporations and are primarily supported by the companies' assets. They provide grants in various areas that are related to their interests and often have a direct benefit to their employees and market areas.

- Private independent foundations are usually established and funded by individuals or families. These foundations provide grants in interest areas that reflect the personal values of the founders.
- Operating foundations are established to manage research, social welfare, or other charitable programs deemed worthwhile by the foundations' donors or governing body.

Benefits of foundation funding

Foundations can provide several resources to centers, including:

- Grants awarded to a center that has submitted an application and successfully met a foundation's criteria, including nonprofit 501(c)(3) Internal Revenue Service (IRS) designation.
- Technical assistance to develop programs.
- Networking in the larger community.

Finding appropriate funding sources

To ensure successful grant applications, center staff should determine which foundations support programs similar to their center's activities. Using the Foundation Center Web site (www.fdncenter.org) and other sites, centers can search by:

- **Subject.** This approach identifies foundations that fund programs in a specific field, such as computer education, job training, or health services.
- **Geographic area.** This approach identifies foundations that fund programs in a particular city, state, or other geographic region.

These online resources offer guidance to those seeking additional information on foundations and grantmaking organizations.

Council on Foundations

(www.cof.org) is a membership organization of more than 2,000 grantmaking foundations and giving programs worldwide.

The Foundation Center (www.fdncenter.org) directory contains detailed information on most U.S. foundations.

Philanthropy News Digest

(<http://fdncenter.org/pnd/>) contains searchable abstracts of national news stories on foundations dating back to 1995. Register to receive each weekly issue as an e-mail newsletter.

Foundations On-Line

(www.foundations.org) includes a foundation directory and links to additional information.

Fundsnet (www.fundsnet.services.com) provides a comprehensive directory of foundations and funders on the Web, categorized alphabetically or by area of interest.

For more information, contact:

U.S. Department of Housing and Urban Development

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Copies of this factsheet are available in Spanish and can be requested from the Neighborhood Networks toll-free information center at (888) 312-2743.

- **Type of support.** This approach identifies foundations that provide support such as seed money, building funds, general operating support, or scholarships to individuals.

Centers should consider foundations that:

- Support projects similar to their activities and/or goals.
- Are located or award grants in their area.
- Award the kind of support they need.

Researching foundations and their giving programs before applying for a grant will improve a center's chances of success. Foundations generally fund nonprofit organizations that qualify for public charity status under Section 501(c)(3) of the Internal Revenue Code. These nonprofits are organized for charitable, educational, scientific, religious, literary, or cultural purposes.

Funders occasionally may make grants to organizations whose tax-exempt status is pending, but most require proof of nonprofit status before considering requests.

For an informative brochure, *Applying for 501(c)(3) Tax-Exempt Status*, visit the IRS Web site at www.irs.gov/pub/irs-pdf/p4220.pdf.

What do foundations look for in a grantee?

After deciding that an organization or project matches their interests, funders often review various issues to determine an organization's credibility. They may request evidence of qualified staff, realistic budget, committed volunteers, strong board of directors, sound fiscal management, and programs that address a specific need.

Preparing a grant application

Most foundations have a list of grant guidelines on their Web sites. Follow the guidelines carefully when completing the

application. Grant applications usually include:

- Organization history, including mission statement, current programs, and activities.
- Method of project evaluation.
- Budget summary, including current operating budget, proposed project budget, and plans for ongoing financial support.
- List of recent financial supporters and amount contributed.
- Current annual report and most recent audited financial statement.
- Copy of Form 990, the annual reporting form required by the IRS.
- Copy of the IRS letter stating tax-exempt status.
- Names and qualifications of the board of directors and key staff.
- Supporting materials such as news articles, brochures, reports, and letters recommending or praising the project.

Neighborhood Networks resources

Technical assistance (TA) should be at the top of every center's resource list. It provides centers with valuable advice and guidance designed to help secure funding or other types of donations from foundations and other sources. TA available to Neighborhood Networks centers includes:

- Monthly conference calls to promote center sustainability. TA providers and field professionals present information. Centers that participate can ask questions of the presenters.
- Center-to-center mentoring, such as conference calls and workshops.
- Toll-free TA hotline.
- Help in acquiring 501(c)(3) status. 